# *Audit Report*

## OFFICE OF THE INSPECTOR GENERAL

DATA INPUT CONTROLS FOR THE MECHANIZATION
OF CONTRACT ADMINISTRATION SERVICES SYSTEM

Report No. 95-046                                November 30, 1994

## Department of Defense

## Additional Copies

To obtain additional copies of this report, contact the Secondary Reports Distribution Unit, Audit Planning and Technical Support Directorate, at (703) 604-8937 (DSN 664-8937) or FAX (703) 604-8932.

## Suggestions for Future Audits

To suggest ideas for or to request future audits, contact the Planning and Coordination Branch, Audit Planning and Technical Support Directorate, at (703) 604-8939 (DSN 664-8939) or FAX (703) 604-8932. Ideas and requests can also be mailed to:

> Inspector General, Department of Defense
> OAIG-AUD (ATTN: APTS Audit Suggestions)
> 400 Army Navy Drive (Room 801)
> Arlington, Virginia 22202-2884
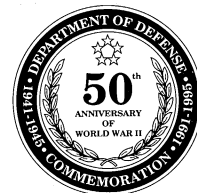
## DoD Hotline

To report fraud, waste, or abuse, call the DoD Hotline at (800) 424-9098 or write to the DoD Hotline, The Pentagon, Washington, D.C. 20301-1900. The identity of writers and callers is fully protected.

## Acronyms

| | |
|---|---|
| ACRN | Accounting Classification Reference Number |
| CAS | Contract Administration Services |
| DFAS | Defense Finance and Accounting Service |
| DISO | Defense Information Services Organization |
| DLA | Defense Logistics Agency |
| DSAC | DLA Systems Automation Center |
| IBOP | International Balance of Payments |
| IG | Inspector General |
| MILDEP | Military Department |
| MILSCAP | Military Standard Contract Administration Procedures |
| MOCAS | Mechanization of Contract Administration Services |
| NULO | Negative Unliquidated Obligation |
| OMB | Office of Management and Budget |
| TASO | Terminal Area Security Officer |

November 30, 1994

MEMORANDUM FOR DEPUTY COMPTROLLER OF THE DEPARTMENT OF
DEFENSE (FINANCIAL SYSTEMS)
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING
SERVICE
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING
SERVICE COLUMBUS CENTER

SUBJECT: Audit Report on Data Input Controls for the Mechanization of Contract
Administration Services System (Report No. 95-046)

We are providing this final report for your review and comments. It discusses data input controls for the Mechanization of Contract Administration Services System. Comments on a draft of this report were considered in preparing the report.

DoD Directive 7650.3 requires that all audit recommendations be resolved promptly. Therefore, the Deputy Comptroller of the Department of Defense (Financial Systems) is requested to provide comments on the unresolved recommendations by January 30, 1995. See the "Response Requirements for Each Recommendation" section at the end of each finding with unresolved recommendations for the specific requirements for your comments.

The courtesies extended to the audit staff are appreciated. If you have any questions about this audit, please contact Mr. Richard B. Bird, Program Director, at (317) 542-3859 (DSN 699-3859) or Mr. Stephen A. Delap, Project Manager, at (614) 337-8009. The distribution of this report is listed in Appendix I. A list of audit team members is inside the back cover.

Robert J. Lieberman
Assistant Inspector General
for Auditing

## DATA INPUT
## CONTROLS FOR THE MECHANIZATION OF CONTRACT
## ADMINISTRATION SERVICES SYSTEM

### EXECUTIVE SUMMARY

**Introduction.** The Defense Finance and Accounting Service Center at Columbus, Ohio (DFAS Columbus Center), was established in January 1991. The DFAS Columbus Center has 3 Contract Administration Services directorates with 16 contract payment divisions that administer the payment functions formerly carried out by the Defense Contract Administration Services Regions and their payment offices. The three Contract Administration Services directorates use the Mechanization of Contract Administration Services (MOCAS) automated system to generate contract payments using Army, Navy, Air Force, and other Defense agencies' funds. During calendar year 1993, the DFAS Columbus Center paid more than 1.3 million invoices totaling about $85 billion.

**Objectives.** The overall audit objective was to evaluate the adequacy of MOCAS controls over automated data input. Specifically, we determined whether MOCAS had automated input controls that were adequate to prevent, detect, and correct erroneous and duplicate data entered by personnel at the DFAS Columbus Center; whether MOCAS identified erroneous data transferred from supporting systems; and whether data rejected at initial input were properly managed, corrected, and reentered in a timely manner.

**Audit Results.** The audit concluded that MOCAS controls over automated data input were not adequate. Specifically, MOCAS accepted invalid data in 57 of the 484 automated input fields tested, and edit tables available from the Military Departments, which could significantly improve the accuracy of MOCAS data, were not being used (Finding A). As a result, negative unliquidated obligations, unmatched disbursements, and incorrect or duplicate payments could occur. Also, data rejected at initial input were not properly managed, corrected, and reentered in a timely manner (Finding B), and access controls were not adequate to prevent unauthorized access to the MOCAS system (Finding C).

**Internal Controls.** The DFAS Columbus Center had inadequate internal controls over automated data input to MOCAS, over the correction and reentry of data rejected at initial input and over user access. See Part I, "Internal Controls," and Part II, Findings A, B, and C, for more details on the internal controls examined and the results of our examination.

**Potential Benefits of Audit.** We could not quantify the potential monetary benefits of implementing the recommendations. However, implementation will significantly improve the accuracy of MOCAS data, including the critical accounting data needed by Military Departments' accountable stations, and help stop the creation of new unmatched disbursements. See Appendix G for a description of benefits associated with this audit.

**Summary of Recommendations.** We recommended use of the Military Departments' edit and validation tables in MOCAS as controls over data accuracy and automated

controls for the data input fields that accepted invalid data. We also recommended issuing guidance concerning MOCAS reject listings, updating desk procedures for handling automated reject listings, increasing supervisory reviews, and implementing controls to ensure that user identifications are promptly canceled when no longer needed.

**Management Comments.** The Deputy Comptroller (Financial Systems), responding to recommendations made to the DFAS, concurred with the need to issue guidance concerning MOCAS reject listings, updating desk procedures for handling automated reject listings, increasing supervisory reviews, and implementing controls to ensure that user identifications are promptly canceled when no longer needed. The Deputy Comptroller (Financial Systems) partially concurred with three other recommendations.

**Audit Response.** The management reply to the draft report was generally responsive. We request that the Deputy Comptroller (Financial Systems) provide clarifying comments on certain recommendations as shown in the charts at the end of Findings A and C. A full discussion of the comments is in Part II of this report, and the complete text of management comments is in Part IV. Additional comments are requested by January 30, 1995.

# Table of Contents

This report was prepared by the Financial Management Directorate, Office of the Assistant Inspector General for Auditing, Department of Defense.

# Part I - Introduction

## Background

The Defense Finance and Accounting Service Center at Columbus, Ohio (DFAS Columbus Center), was established in January 1991 to consolidate the payment functions previously carried out by the Defense Logistics Agency (DLA) Finance Center, the Defense Contract Administration Services Regions, and their various paying activities. The DFAS Columbus Center originally consisted of 5 Contract Administration Services (CAS) directorates that included 16 contract payment divisions. In November 1993, the 5 CAS Directorates were consolidated into 3 directorates; the 16 contract payment divisions were maintained.

The three CAS Directorates make contract payments using Army, Navy, Air Force, and other Defense agencies' appropriated funds. During calendar year 1993, the DFAS Columbus Center paid more than 1.3 million contractor invoices totaling $85 billion.

The DFAS Columbus Center also implements financial management policies and procedures for the accounting, certification, and disbursing operations performed by the Mechanization of Contract Administration Services (MOCAS) system, which is the automated system used to generate payments for contractor invoices. As of January 1993, the DFAS Columbus Center was responsible for 348,536 active contracts valued at $489.0 billion. By January 1994, this volume had increased to more than 378,000 contracts valued at $490.8 billion.

**OMB Circular No. A-127.** Office of Management and Budget (OMB) Circular No. A-127, "Financial Management Systems," July 1993, regulates financial management systems and internal controls for all executive departments and agencies.

**DoD Directive 7200.1.** DoD Directive 7200.1, "Administrative Control of Appropriations," July 1987, regulates fund control for all DoD Components. The Directive requires DoD Components to establish and maintain adequate systems of accounting and positive control of appropriations and other funds.

## Objectives

Our objective was to evaluate the adequacy of MOCAS controls over automated data input. Specifically, we determined:

     o whether MOCAS had automated input controls that were adequate to prevent, detect, and correct erroneous and duplicate data entered by personnel at the DFAS Columbus Center;

     o whether MOCAS identified erroneous data transferred from supporting systems; and

o whether data rejected at initial input were properly managed, corrected, and reentered in a timely manner.

We also evaluated the DFAS Columbus Center's annual reviews and reports required by the DoD Internal Management Control Program.

## Scope and Methodology

We conducted this financial-related audit from August 1993 through March 1994. We considered the key data necessary for contract management and then evaluated 484 automated input fields using 30 MOCAS input screens used for contract data, contract modifications, and invoices. Personnel at the DFAS Columbus Center use these screens to manage the DoD contract administration and payment functions. Since MOCAS does not have a built-in testing capability, we used a separate test database provided by the DLA Systems Automation Center (DSAC).

The only limitation on our scope was that the DSAC test system did not identify the access levels (read only, update, and delete) used by MOCAS. Instead, the test system recognized us as valid users, and we were authorized to add, modify, or delete all data fields on each of the 30 screens reviewed.

We also reviewed selected data that had been rejected during overnight batch processing at DFAS Columbus in November 1993. We reviewed these data to determine whether the CAS Directorates had properly controlled, corrected, and reentered them in a timely manner. We also evaluated controls over user identification codes (user IDs) for 11 input screens that we selected using nonstatistical methods.

We did not determine whether MOCAS identified erroneous data that had been transferred from supporting systems. Inspector General (IG), DoD, Report No. 94-054, "Fund Control Over Contract Payments at the Defense Finance and Accounting Service-Columbus Center," March 15, 1994, recommended that the existing Military Standard Contract Administration Procedures (MILSCAP) interface be terminated. Since MILSCAP is the only direct interface between MOCAS and supporting procurement systems, we had no additional data transfer mechanisms to evaluate. The DLA Pre-Award Contracting System is currently scheduled to replace MILSCAP by October 1995.

The audit was made in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the IG, DoD, and accordingly included such tests of internal controls as were considered necessary. We tested the adequacy of controls over the data input fields discussed in this report and over the management and correction of rejected data. Except for these tests, we did not assess the reliability of computer-processed MOCAS data. Appendix H lists the organizations we visited or contacted.

## Internal Controls

The audit identified the following material internal control weaknesses, as defined by DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987.

      o MOCAS controls over automated data input were not adequate to ensure that only valid data were accepted.

      o Data rejected at initial input were not properly managed, corrected, and reentered in a timely manner.

      o Access controls were not adequate to prevent unauthorized users from gaining entry to the system.

In its FY 1993 Annual Statement of Assurance, the DFAS Columbus Center had identified related material internal control weaknesses in the areas of vendor overpayments, inadequate training, and lack of standard operating procedures. New discrepancies were identified as management has yet to complete a Management Control Review on all facets of the MOCAS system. In addition to problems with data accuracy, these conditions have added to a recurring problem by significantly increasing negative unliquidated obligations (NULOs). A contract has a negative balance when accounting lines with negative obligation values exceed lines with positive values. A negative balance may be caused by an accounting error or a lack of funds to cover unpaid obligations. When obligated balances exceed available funds, a violation of the Antideficiency Act may occur.

In Report No. 94-054 (see "Scope and Methodology"), we found that as of July 1993, the DFAS Columbus Center had reported 2,659 contracts with negative balances totaling $408 million. By April 1994, the DFAS Columbus Center had 2,779 contracts with negative balances of $1.07 billion.

Copies of the report will be provided to the senior officials responsible for internal controls within the DFAS.

## Prior Audits and Other Reviews

Since December 1991, the IG, DoD, has issued six reports on the adequacy of MOCAS controls over automated data input and related issues.

      o Report No. 94-060, "General Controls for Computer Systems at the Information Processing Centers of the Defense Information Services Organization," March 18, 1994, concluded that all three DISO centers had weaknesses in their controls over computer assets (including application programs), which increased the risk of unauthorized access.

o Report No. 94-054 (see "Scope and Methodology") concluded that the MOCAS system contained inaccurate data on obligations and disbursements. The inaccuracies occurred because MOCAS data were entered incorrectly and because the DFAS Columbus Center had problems with transferring data from MILSCAP-compatible systems. In addition, supervisors at the DFAS Columbus Center were not reviewing transaction entries, documenting their reviews, or ensuring that input clerks were correcting errors at the point of data entry.

o Report No. 94-048, "Uncleared Transactions For and By Others," March 2, 1994, concluded that DFAS had not taken prompt and effective actions to clear $35 billion in undistributed disbursements. DFAS gave priority to disbursing funds and moving transactions and supporting documentation throughout the system, instead of analyzing the reasons for problems and taking action to correct inefficiencies. In addition, the DFAS Centers had not provided Headquarters, DFAS, with complete and accurate data on the status of undistributed disbursements.

o Report No. 93-133, "Controls Over Operating System and Security Software Supporting the Defense Finance and Accounting Service," June 30, 1993, concluded that the Defense Information Services Organization (DISO) information processing centers at Columbus and Dayton, Ohio, and the DSAC at Columbus, Ohio, had serious problems with operating system and security software controls.

o Report No. 92-076, "Administration of the Contract Closeout Process Within DoD," April 15, 1992, concluded that contracts could not be closed out in an accurate or timely manner because of errors in MOCAS data. The errors occurred primarily because inexperienced clerks were interpreting and entering data. Although DFAS Columbus Center conducted random quality assurance reviews of data entry transactions, the reviews did not provide adequate controls or validate the accuracy of appropriation data.

o Report No. 92-028, "Merged Accounts at the Department of Defense," December 30, 1991, showed that DoD's merged accounts contained more than $1.8 billion in unmatched disbursements and $1 billion in negative unliquidated obligations (NULOs). The report recommended that the Comptroller of the Department of Defense (now the Under Secretary of Defense [Comptroller]), require the Director, DFAS, to emphasize account accuracy in order to reduce unmatched disbursements and also required the Director, DFAS, to formally investigate all overdisbursed appropriations and their subaccounts in order to resolve potential violations of the Antideficiency Act.

# Part II - Findings and Recommendations

# Finding A. Controls Over Automated Data Input

Mechanization of Contract Administration Services (MOCAS) controls over automated data input were not adequate to prevent, detect, or correct erroneous and duplicate data entry by personnel at the DFAS Columbus Center. For 57 of the 484 fields tested, MOCAS edit and validation routines accepted invalid data, and the DFAS Columbus Center was not using edit and validation tables available from the Military Departments (MILDEPs) that could significantly improve the accuracy of MOCAS data. Although desk procedures at the DFAS Columbus Center specified the criteria for data to be entered into the fields, the actual MOCAS edits did not prevent entries that did not meet those criteria. Until these conditions are corrected, the DFAS Columbus Center will continue to have problems with negative unliquidated obligations (NULOs), unmatched disbursements, and incorrect and duplicate payments. Also, incorrect accounting data will remain undetected and will be returned to the responsible MILDEP accountable stations.

## Background

**DoD Directive 7220.9-M.** DoD Directive 7220.9-M, "DoD Accounting Manual," currently being revised, prescribes internal control techniques that are to be designed and implemented for all DoD operating accounting systems. The Directive requires, in part, that accounting systems shall contain internal controls that prevent, detect, and correct errors and irregularities that may occur at any point between authorizing transactions and issuing reports. The controls should cover the functions of authorization and approval of transactions; preparation, validation, input, communications, processing, storage, and output of data; error resolution and data reentry; and quality maintenance of files and databases. The Directive also contains the following requirements.

    o Internal controls shall provide reasonable assurance that the recording, processing, and reporting of financial data are properly performed and that the completeness and accuracy of authorized transactions and data are ensured during automated or manual accounting functions.

    o Input controls shall detect incomplete, duplicate, or otherwise erroneous transactions and ensure that they are corrected.

    o The accounting system shall include controls that prevent or detect incorrect or incomplete recording of transactions, duplicate recording of transactions, entry of incorrect data, and unauthorized entry to systems and files.

**Desk Procedures.** At the DFAS Columbus Center, desk procedures 201, 202, 301, and 302 identify the data entry screens that should be used to enter contract and disbursement data into the MOCAS system. For most of the data entry fields on each screen, the desk procedures specify the type of data (such as all alpha characters or all numeric characters) to be entered into each field.

**Test Methodology.** Since the MOCAS system has no built-in test capabilities, we used the MOC-F testing database to test the MOCAS edit and validation routines. The MOC-F is owned and maintained by DSAC and is identical to the MOCAS production system (including overnight batch processing and reporting).

We initially reviewed screens that DFAS Columbus Center's desk procedures had identified for entry of contract data and selected a total of 484 fields to be tested. We designed 623 tests for the 484 data entry fields and attempted to enter unacceptable data into each of the fields tested.

During each test, we entered invalid contract data into a field on a particular screen for the specific field being tested. For all other fields on that screen (fields that were not being tested), we entered valid data. We considered automated controls over a particular field to be inadequate if MOCAS accepted data that did not meet the requirements of desk procedures.

Following initial edits at the point of data entry, MOCAS performed a summary edit on the fields before accepting the data. During this process, some of the invalid data entries were highlighted as "acceptable errors" or were rejected.

To ensure that no further MOCAS edits or validation routines would identify and reject the invalid entries, we subjected the data to MOCAS overnight batch processing. The overnight batch processing contained additional edits and validation routines designed to detect and prevent invalid transactions from being accepted into MOCAS. All invalid entries that were identified and rejected during initial data entry, summary edit, or overnight batch processing were considered to have been adequately controlled. Following our tests, we met with personnel at the DFAS Columbus Center to validate each undetected erroneous entry.

## Controls Over Automated Data Input

MOCAS controls over automated data input were not adequate to prevent, detect, and correct erroneous and duplicate data entry by personnel at the DFAS Columbus Center. For 57 of the 484 fields tested (65 of the 623 actual tests performed), MOCAS edit and validation routines accepted invalid data. Edit and validation tables available from the MILDEPs could have significantly improved the accuracy of MOCAS data and corrected many deficiencies, but these tables were not used. Appendix A gives additional information on the 57 fields and 65 tests in which invalid data were accepted.

**Edit and Validation Routines.** In 65 of the 623 tests, MOCAS edit and validation routines accepted invalid data. In each test, the system accepted unallowable data (such as alpha instead of numeric characters or vice versa, and illogical data), and the data were not rejected during initial entry, summary edit, or overnight batch processing.

For example, we entered an obligation amount for a contract; the amount exceeded the contract ceiling price. The MOCAS summary edit identified this entry as an "acceptable error" in balancing, which might require subsequent research to determine whether a correction was needed. However, the entry was accepted, and no immediate correction was required. The IG, DoD, Audit Report No. 94-054 had found a 95-percent probability that at least 22.6 percent (3,779) of the 16,742 high-dollar, multiple-appropriation contracts in MOCAS contained at least 1 error in obligation amounts. Allowing obligation amounts to exceed contract ceiling prices further weakens the accuracy of MOCAS data.

The DFAS Columbus Center also had problems with the codes for fiscal station numbers and general operating agency codes for Army appropriations. Army regulations list the fiscal station number code and the corresponding general operating agency code that must be used for each appropriation. When we entered a valid fiscal station number and an invalid general operating agency code, MOCAS accepted the entry. DFAS Columbus Center personnel agreed that these data would result in unmatched disbursements when sent to Army accountable stations.

**Edit and Validation Tables.** Edit and validation tables were available from the MILDEPs; these tables could have significantly improved the accuracy of MOCAS data but were not being used. Each MILDEP has its own edit and validation tables; if installed in MOCAS, these tables could prevent many errors in accounting data.

For example, the Army Data Element Management Accounting Reporting system for expenditures uses the Accounting Table Maintenance system to edit data transferred to Data Element Management Accounting Reporting from various disbursing and fiscal stations. The edits include fields such as the general operating agency, allotment serial number, and program element or budget project.

The Navy's Centralized Master Edit Table contains additional edits to ensure that correct accounting data are entered into Navy accounting systems. If used by the DFAS Columbus Center, the Centralized Master Edit Table could perform edits that are not available in MOCAS, on fields such as the limit subhead, bureau control number, and fiscal station number.

The Air Force has similar tables. The Air Force's Master Appropriation Reporting Tables contain eight database files that perform a variety of edits and validations of Air Force appropriations.

The IG, DoD, Audit Report No. 94-054 found a 95-percent probability that at least 39.2 percent (6,559 contracts) of the 16,742 high-dollar, multiple-

appropriation contracts in MOCAS contained 1 or more errors in their accounting data entries. Considering this volume of errors, automated edits should be used whenever possible in order to improve data accuracy.

The managers we contacted generally agreed that using edit and validation tables available from the MILDEPs might improve the accuracy of MOCAS data. However, the DFAS had not evaluated the feasibility and cost-effectiveness of using those tables.

# Conclusion

Automated edit and validation routines could be used to make MOCAS data more accurate. MOCAS controls over automated data entry were not adequate to prevent, detect, and correct erroneous and duplicate data entered by personnel at the DFAS Columbus Center. Until these conditions are corrected, problems with NULOs, unmatched disbursements, and incorrect and duplicate payments will continue. Incorrect accounting data will remain undetected and will be sent back to the MILDEP accountable stations, causing unmatched disbursements.

# Recommendations, Management Comments, and Audit Response

**1. We recommend that the Director, Defense Finance and Accounting Service Columbus Center:**

> **a. Install the Army's Data Element Management Accounting Reporting table, the Navy's Centralized Master Edit Table, and the Air Force's Master Appropriation Reporting Tables in the Mechanization of Contract Administration Services system to improve data accuracy.**

**DFAS Comments.** The Deputy Comptroller of the Department of Defense (Financial Systems), responding to recommendations made to the DFAS, partially concurred, stating that DFAS-Columbus will contact the Military Departments to explore the feasibility of obtaining the edit tables for installation into MOCAS, develop and submit requirements to the MOCAS Central Design Activity for cost estimates of the programming changes, and submit the system change request to Headquarters, DFAS, for approval and inclusion in the project development plan. Considering the size of the edit tables and the need to expand the current MOCAS database and table files to accommodate them, the determination as to whether to add the tables to MOCAS will be based on the success of the payment prevalidation process currently underway at DFAS Columbus Center versus the cost to program the tables into MOCAS. The complete text of management's comments is in Part IV.

**Audit Response.** Management's agreement to develop a system change proposal is partially responsive. We agree that programming the Military Department edit tables into MOCAS and expanding the current database and table files may involve considerable costs. Manually prevalidating all payments of $1 million or more, which we fully support as a stopgap measure, may also entail significantly increased costs and those costs could be less visible. Unless all payments, regardless of size, are prevalidated, improper payments and accounting errors will continue and an accurate database will not be achieved. The only means to ensure overall payment accuracy is to improve the automated accounting systems, building in valid edit checks.

We request that management comments on this final report specify what factors will be considered in evaluating the manual prevalidation effort as an alternative to MOCAS improvements and what will be done to address payments under $1 million.

**b. Establish automated edit and validation controls for data input fields that accepted invalid data.**

**DFAS Comments.** The Deputy Comptroller (Financial Systems) partially concurred, stating that DoD Directive 7220.9-M, DoD Accounting Manual, prescribes that accounting systems "shall be flexible enough to handle additions or deletions, including changes to accounts or account codes, classifications, organizations, and dollar thresholds, without extensive program or system changes." Many MOCAS fields identified in the draft report as having inadequate automated edit or validation controls were programmed with minimal validations to provide flexibility for future changes. However, management agreed that additional edits and validations may be needed for several fields and stated that, for those fields, they would review and implement system changes as appropriate.

**Audit Response.** While we agree that additional automated edits and validations may not be cost-effective or otherwise justifiable for all 57 fields cited in this report, in at least some cases they are critically needed. For example, allowing individual obligation amounts to exceed a contract's total ceiling price significantly weakens the accuracy of MOCAS data and can easily result in eventual overdisbursements, unmatched disbursements, and other problems. To enable us to fully evaluate management's response, the Deputy Comptroller (Financial Systems) is requested to provide specifics as to which fields will or will not be further reviewed for possible additional automated edits and validations and the rationale for these determinations. We request that management provide this additional information when responding to the final report.

<u>Response Requirements for Each Recommendation</u>

Responses to the final report are required from the Deputy Comptroller of the Department of Defense (Financial Systems) for the items indicated with an "X" in the chart below.

| | <u>Response Should Cover:</u> | | | |
|---|---|---|---|---|
| <u>Number</u> | Concur/<br><u>Nonconcur</u> | Proposed<br><u>Actions</u> | Completion<br><u>Date</u> | Related<br><u>Issues</u> |
| 1.a., 1.b. | | X | | |

# Finding B.  Controls Over Rejected Transactions

The DFAS Columbus Center's controls over rejected MOCAS data were not adequate to ensure that the data were properly managed, corrected, and reentered accurately and promptly.  Specifically, the 3 Contract Administration Services Directorates and their 16 payment divisions did not use automated reject listings consistently, data entry supervisors did not review and document data corrections, and rejects were not tracked by numbers and categories of errors.  These conditions occurred because the DFAS Columbus Center did not have adequate desk operating procedures or other guidance specifying the MOCAS reject listings that should be used and how corrections should be processed and verified.  As a result, for the 276 transactions we reviewed that were rejected in November 1993, 92 transactions were not promptly and accurately corrected and reentered into MOCAS.

## Background

**DoD Directive 7220.9-M.**  DoD Directive 7220.9-M, "DoD Accounting Manual" (the DoD Accounting Manual), currently being revised, prescribes internal control techniques that are to be designed and implemented into all DoD operating accounting systems.  The Directive requires, in part, that accounting systems shall include procedures for controlling errors.  These procedures should ensure that when errors are detected, they are corrected promptly and reentered into the appropriate processing cycle and that corrections are made only once and are validated.  Although the DoD Accounting Manual does not give a standard for timely correction of errors, the General Accounting Office has stated that 24 hours is the ideal.  However, variations from the GAO standard may be acceptable when work load and other factors are taken into account.  Therefore, we considered corrections to be timely if made within 72 hours or 3 working days after the DFAS Columbus Center was notified of an error.

The DoD Accounting Manual also states that:

       o  when data input errors occur, error lists or reports shall be prepared to show why each item was rejected and open items shall be tracked and aged until all errors are corrected;

       o  accounting systems shall provide management with reports that list errors, reasons for errors, and corrective actions taken;

       o  supervisors or lead personnel shall review error processing and lists of errors and corrections; and

14

o  procedures shall be established for periodic analysis of the reasons for errors and rejected transactions, by type and source, so that corrective actions can be taken.

**DLA Manual 7000.5 Chapter 16.**  Defense Logistics Agency Manual 7000.5, chapter 16,  April 1987,  "Contract  Administration  Services  Accounting Procedures," contains guidance for the content and use of MOCAS reports.  It gives  management  and  functional  users  a  description  of  the  system's capabilities, output products, and input requirements and includes directions for processing and correcting errors.

**Reject Listings.**  Reject listings are MOCAS-generated reports that identify erroneous data entries that passed MOCAS's edit and validation routines, but were identified as incorrect during overnight batch processing.  During batch processing, additional edits are done to ensure that incorrect data accepted earlier are identified and corrected.

**Accounting Classification Reference Number.**  The accounting classification reference number (ACRN) is a two-character reference used throughout DoD to identify accounting data during the obligation, payment, and disbursement of funds on a contract.  ACRNs allow accounting activities to collect and record, in one step, all applicable financial information in each line of accounting data.

## Controls Over Rejected Transactions

The DFAS Columbus Center's controls over rejected MOCAS data were not adequate to ensure that data were properly managed, corrected, and reentered in a timely manner.  Specifically, the 3 CAS Directorates and their 16 contract payment divisions did not use automated reject listings consistently; data entry supervisors did not review and document data corrections; and rejects were not tracked by numbers and categories of errors.

**Data Corrections.**  We nonstatistically selected 276 transactions from 11 of the numerous  reject  listings  provided  to  the  three  Columbus  Center  CAS directorates.   Of  the  276 rejected  transactions  we  reviewed,  92  were  not corrected and reentered accurately or promptly.  Of the 92 rejected transactions (shown on 11  nonstatistically selected reject listings from November 2 through November 23,  1993),  57 transactions  were  not  corrected  accurately  and promptly,  and  35  were  corrected  accurately  but  not  promptly.   Corrections required  up  to  204 days  after  the  errors  were  found.   Appendix B  gives additional details of these 92 transactions.

For example,  contract DAAE07-92-C-R007  appeared  on  a  reject  listing  for November 15, 1993, because an incorrect appropriation number, which did not appear on the MOCAS master appropriation file, was used.  In this case, an Army appropriation was entered; a DLA appropriation should have been entered instead.   To  pay  a  $520 invoice  on  this  contract,  personnel  at  the  DFAS Columbus Center created  a  dummy  ACRN  of  X1  and  paid  the  invoice  on

15

December 2, 1993.  As of May 2, 1994, the appropriation error and dummy ACRN had not been corrected and almost $23,000 in additional payments had been made against ACRN X1.

**Use of Automated Reject Listings.**  The 3 CAS Directorates and their 16 payment divisions did not use the automated reject listings consistently. Because of inadequate desk procedures at the DFAS Columbus Center, the CAS Directorates and payment divisions were allowed to decide which reject listings to use.  In addition, supervisors in the payment divisions established their own procedures for correcting errors.

For example, Report UNFB 500A (the Duplicate Payment Report) was routinely used by only 2 of the CAS Directorates and 13 of the two CAS Directorates' 14 payment divisions.  The Southern CAS Directorate and its two payment divisions did not use the report.  Likewise, Report WYFD 600A (the Duplicate Invoice Report) was routinely used by only 13 of the 16 payment divisions at the DFAS Columbus Center.  Appendix C identifies the reject listings used and the CAS Directorates and payment divisions that used them.

**Supervisory Reviews of Data Corrections.**  Data entry supervisors at the DFAS Columbus Center did not adequately review data corrections or document their reviews.  Of the seven desk procedures we reviewed, only two procedures mentioned supervisory reviews of data corrections.  The supervisors who said they reviewed corrections and maintained logs could not provide any documentation to show that the reviews were actually performed, when they were performed, or what corrective actions were taken.

**Tracking and Analysis of Rejected MOCAS Transactions.**  The DFAS Columbus Center did not maintain reject listings and did not track or analyze rejected data by types and categories of errors.  Periodic analysis of the reasons for errors and rejected transactions, by type and source, could help managers identify actions to improve data accuracy.  For example, managers could identify data entry clerks working in the payment divisions who made more errors than the average; these employees could be given additional training or transferred to positions that did not involve data entry.

## Causes of Inadequate Controls Over Rejected MOCAS Data

The inadequate controls over rejected MOCAS data had several causes:

 o  inadequate guidance on reject listings that should be used by the CAS Directorates and payment divisions at the DFAS Columbus Center,

 o  a lack of current desk procedures for correcting reject listings and documenting corrections, and

 o  no clear guidance for supervisors on how to review and verify corrections.

At the DFAS Columbus Center, supervisors also were not required to periodically analyze, by type and source, the reasons for errors and rejected transactions, so that ways to improve data accuracy could be identified.

**Guidance in DLA Manual 7000.5.** Although DLA Manual 7000.5, chapter 16, provides overall guidance on the content and use of MOCAS reports, including the processing of error corrections, it does not identify the error listings that all CAS Directorates and payment divisions should use. The DFAS Columbus Center also had not issued guidance on how errors were to be corrected and documented; data entry supervisors at the DFAS Columbus Center established their own procedures. Consequently, the CAS Directorates and payment divisions decided which reject listings to use and how to use them.

**Desk Procedures.** The DFAS Columbus Center's desk procedures should have included guidance on how to use the reject listings. However, the desk procedures were outdated and unclear, which contributed to the problem. Of the 11 reject listings we reviewed, only 4 had clear and current desk procedures. Desk procedures for five reject listings were not adequate to ensure that corrections were promptly and accurately processed, and desk procedures did not exist for the other two reject listings. Appendix D lists the desk procedures we reviewed and the problems found.

A more serious problem was that most desk procedures did not require supervisors to review reject listings or error corrections. DoD Directive 7220.9-M requires supervisors or lead personnel to review reject listings and error corrections; however, of the 11 desk procedures we reviewed, only desk procedures 608 and 801 mentioned the need for supervisors to review reject listings. The data entry supervisors we contacted said they maintained error logs and periodically reviewed error corrections; however, none of these supervisors could provide any documentation to show that the reviews were actually performed, when they were performed, or what corrections were made as a result.

**Periodic Analysis of Errors.** Managers at the DFAS Columbus Center did not track and periodically analyze errors and rejected transactions by type and source, and supervisors could not identify the most common problems or state whether corrective actions had been taken. By failing to record this information, managers were not using all available means of improving data accuracy.

# Conclusion

Of the 276 rejected transactions we reviewed, 92 transactions were not corrected and reentered promptly and accurately. This situation occurred because of inadequate controls over the correction and reentry of rejected MOCAS data. This condition made MOCAS data less accurate and contributed to the DFAS

Columbus Center's recurring problems with duplicate payments, NULOs, incorrect progress payments, and improper payment and closure of completed contracts.

# Recommendations, Management Comments, and Audit Response

**We recommend that the Director, Defense Finance and Accounting Service, Columbus Center:**

**1. Issue specific instructions to the Contract Administration Services Directorates and their payment divisions on which reject listings from the Mechanization of Contract Administration Services system are critical and how these reject listings should be used.**

**DFAS Comments.** The Deputy Comptroller of the Department of Defense (Financial Systems), responding to recommendations made to the DFAS, concurred, stating that specific instructions on which reject listings from the MOCAS system are critical and how the listings should be used will be provided in the revisions to the desk procedures (expected to be completed by December 31, 1994). Additionally, periodic internal reviews will be conducted to ensure compliance with desk procedures. The complete text of management's comments is in Part IV.

**2. Direct that errors in data entry be corrected for the 92 cases discussed in this report.**

**DFAS Comments.** The Deputy Comptroller (Financial Systems) concurred, stating that errors in data entry for the 92 cases discussed in this report will be corrected by November 30, 1994.

**3. Require data entry supervisors to:**

**a. review reject listings produced by the Mechanization of Contract Administration Services system,**

**b. identify data errors that need correction, and**

**c. document their reviews.**

**DFAS Comments.** The Deputy Comptroller (Financial Systems) concurred, stating that requirements for supervisor/lead review, identification, and documentation will be in the previously mentioned revisions to desk procedures to be completed by December 31, 1994.

**4. Rewrite desk procedures 301, 608, and 801 for the five reject listings discussed in this report (see Appendix D) to give specific guidance on the use of reject listings and procedures for error correction.**

**DFAS Comments.** The Deputy Comptroller (Financial Systems) concurred, stating that specific instructions on the use of reject listings and procedures for error corrections will be in the revisions to the desk procedures. Desk Procedures 301 and 801 are being revised. All revisions to Desk Procedures 301, 608, and 801 are expected to be completed by December 31, 1994.

**5. Implement desk procedures for the two reject listings discussed in this report (see Appendix D) for which no procedures currently exist. At a minimum, the procedures should give specific guidance on the use of reject listings and procedures for error correction.**

**DFAS Comments.** The Deputy Comptroller (Financial Systems) concurred, stating that Desk Procedure 703 provides guidance on the use of report UNPA350J, and Desk Procedure 602 revisions will include guidance on the use of report MNMA180A. The desk procedures are to be completed by December 31, 1994.

**6. Require supervisors to continuously monitor rejected transactions by numbers and categories of errors. In addition, direct the Quality Assurance Division to periodically monitor rejected transactions using valid statistical sampling techniques to identify common errors in data entry and areas where data accuracy can be improved.**

**DFAS Comments.** The Deputy Comptroller (Financial Systems) partially concurred, stating that tracking reject transactions by numbers and categories of errors would be an inefficient use of resources. Revisions to desk procedures will provide for supervisory monitoring of data errors. In addition, the Quality Assurance Division will periodically monitor rejected transactions using sampling techniques to identify common errors in data entry and areas where data accuracy can be improved.

**Audit Response.** We consider management's comments to these recommendations responsive. We do not necessarily agree with management's assertion that tracking reject transactions by numbers and categories of errors would be an inefficient use of resources since this method can easily be accomplished using available automated capabilities. However, the alternative actions proposed by management should correct the problems identified as long as valid statistical sampling techniques are used by Quality Assurance Division personnel. Therefore, we revised our recommendation accordingly and request no further comments.

# Finding C.  Access Control

Access controls for the Mechanization of Contract Administration Services (MOCAS) system were not adequate to prevent unauthorized users from accessing the system. Specifically, user identification codes (user IDs) for former employees of the DFAS Columbus Center, as well as for current employees who no longer required access to MOCAS, were not canceled promptly. This condition occurred because Terminal Area Security Officers (TASOs) did not have guidelines for the termination of user IDS and because the MOCAS access listings were not periodically reviewed to ensure that only valid users maintained access. As a result, for 66 (10 percent) of the 658 employees' files we reviewed at DFAS Columbus Center, user IDs were no longer required and should have been terminated. Failure to promptly terminate user IDs increased the potential for unauthorized changes to MOCAS data.

## Background

**DoD Directive 7220.9-M.** DoD Directive 7220.9-M, "DoD Accounting Manual" (the DoD Accounting Manual), currently being revised, prescribes internal control techniques that are to be designed and implemented for all DoD operating accounting systems. The DoD Accounting Manual requires, in part, that accounting systems shall include controls that:

    o prevent or detect the processing of unauthorized or incorrect data,

    o prevent accounts, master files, and databases from being changed without authorized transactions, and

    o prevent unauthorized entry to systems and files.

**DLA Regulation 5200.17.** Defense Logistics Agency Regulation 5200.17, "Security Requirements for Automated Information and Telecommunications Systems," October 9, 1991, is the DFAS Columbus Center's security guidance. DLA Regulation 5200.17 directs, in part, that requirements for user access will be validated at least semiannually to ensure that the requirements are current and accurate. Validations should be performed continuously so that the user population is always under review, and records of the reviews should be maintained for 3 years. DLA Regulation 5200.17 also requires custodians of data to develop access policies that identify users' needs and to apply safeguards so that only authorized persons have access to data.

**Terminal Area Security Officers.** Terminal Area Security Officers (TASOs) at the DFAS Columbus Center assist Information Systems Security Officers at the Defense Information Systems Organization (DISO) in ensuring that remote terminals comply with security procedures. The TASOs also request user IDs and passwords for personnel at DFAS Columbus Center and request termination of user IDs and passwords that are no longer needed.

**User IDs.** Personnel at DFAS Columbus Center who require access to MOCAS are assigned user IDs. By combining the user IDs and individual passwords, employees can access specific MOCAS screens to read, update, or delete data, depending on their validated needs. We did not review password controls, which were the subject of IG, DoD, Report No. 94-060, "General Controls for Computer Systems at the Information Processing Centers of the Defense Information Services Organization," March 18, 1994. The report stated that passwords were not being changed in a timely manner. We verified that DISO had implemented our recommendation by installing the Automated Password Change Facility, which required user passwords to be changed every 90 days on all MOCAS databases.

**Audit Procedures.** Our review of user IDs was based on the "Total Information System Extended Security System Batch Utilities Application to User Relationship Report" (the TIS report). The TIS report is a computerized report on the security of MOCAS terminals; it identifies all MOCAS input screens by screen number, identifies the users who have access to each screen, and shows their user IDS. To perform our review, we used nonstatistical methods to select 11 MOCAS screens from the TIS report and reviewed all DFAS Columbus Center users who had access to these screens. These screens allowed users to change existing MOCAS data or to input data on contractor invoices and disbursements. We then identified user IDs that began with DDM or DDP, which showed that the users were DFAS Columbus Center employees. We found a total of 658 MOCAS users at the DFAS Columbus Center who had access to 1 or more of the 11 screens. Appendix E lists the input screens we reviewed.

## Access Controls

MOCAS access controls were not adequate to prevent unauthorized users from accessing the system. Of the 658 DFAS Columbus Center employees whose user IDs we reviewed, 66 employees (10 percent) were authorized to access the 11 input screens, although they no longer required access; their user IDs should have been terminated. Of these 66 user IDs, 27 were for personnel no longer employed by the DFAS Columbus Center and 39 were for personnel whose access requirements had changed. Appendix F lists unauthorized user IDs and the reasons these employees no longer required access.

For example, 25 of the 39 user IDs were for personnel who had been reassigned to the Stock Fund Directorate and no longer required access to MOCAS. Nine of the user IDs were for personnel who worked in the Payroll, Commercial Services, Civilian Debt Collection, and Human Resources Directorates instead of the CAS Directorates; they did not need access to MOCAS. The remaining five user IDs were for personnel who had been assigned to new CAS Directorates but still had access to the databases in the CAS Directorates where they had previously worked. Implementation of the Automated Password

21

Change Facility does not prevent unauthorized access; if an unauthorized employee's user ID is active, the employee can update his or her password every 90 days and continue to have access to MOCAS.

## Causes of Inadequate Access Controls

These control weaknesses occurred because the TASOs did not receive adequate guidance on when and how user IDs should be canceled and did not regularly review the lists of users with access to MOCAS.

**TASO Guidance.** Although overall control of MOCAS access is DISO's responsibility, the TASOs at the DFAS Columbus Center did not receive guidance on when and how user IDs should be canceled, including the deadline for cancellations. During our audit, however, DISO completed a draft handbook containing updated guidance for TASOs; this handbook should be finalized soon. Therefore, we are not recommending any corrective actions in this area.

**Reviewing Lists of Users with Access to MOCAS.** TASOs at the DFAS Columbus Center did not review the TIS Report at least semiannually. If they had done so, invalid user IDs and inaccurate information could have been identified and corrected. For example, because the same name could be spelled several ways and first and last names were sometimes reversed, some users were listed more than once (for example, a user could be listed as both John Doe and Doe John). In two instances, an individual had two different user IDs and, in another instance, two individuals had the same user ID.

## Conclusion

Access controls for MOCAS were not adequate to prevent unauthorized users from accessing the system. Until user IDs are properly managed and controlled, the potential will exist for unauthorized changes to be made in MOCAS data.

## Recommendations, Management Comments, and Audit Response

**We recommend that the Director, Defense Finance and Accounting Service Columbus Center:**

**1. Terminate the user identification codes for the 66 employees discussed in this report.**

**DFAS Response.** The Deputy Comptroller (Financial Systems) concurred, stating that the unauthorized user identification codes in the draft report will be reviewed and terminated as appropriate by December 31, 1994.

2. **Direct Terminal Area Security Officers at the Defense Finance and Accounting Service Columbus Center to:**

a. **Thoroughly review the "Total Information System Extended Security System Batch Utilities Application to User Relationship Report" for all input screens in the Mechanization of Contract Administration Services system.**

b. **Terminate user identification codes that are no longer required.**

c. **Correct all errors identified, including duplicate user identification codes, reversals of first and last names, and two or more employees with the same user identification code.**

**DFAS Response.** The Deputy Comptroller (Financial Systems) concurred, stating that DFAS Columbus Center is currently reviewing access control in the Contract Entitlement Directorate. The recommended corrective actions will be initiated as part of that review.

**Audit Response.** Our recommendation was intended to encompass DFAS Columbus Center in its entirety, not just the Contract Entitlement Directorate. Although management may have meant that these corrective actions will be initiated throughout DFAS Columbus Center, the response does not clearly indicate so. We request that management provide additional clarification on this recommendation when responding to the final report.

3. **Require Terminal Area Security Officers to conduct semiannual reviews of the list of user identification codes and document these reviews.**

**DFAS Response.** The Deputy Comptroller (Financial Systems) concurred, stating that the semiannual reviews will begin in January 1995 and will be ongoing after that date.

## Response Requirements for Each Recommendation

Responses to the final report are required from the Deputy Comptroller of the Department of Defense (Financial Systems) for the items indicated with an "X" in the chart below.

| Number | Response Should Cover: | | | |
| --- | --- | --- | --- | --- |
| | Concur/ Nonconcur | Proposed Actions | Completion Date | Related Issues[*] |
| 2.a., 2.b., 2.c. | X | X | X | IC |

[*]IC = Internal control weakness

# Part III - Additional Information

# Appendix A. Additional Information on 57 MOCAS Fields with Inadequate Controls

| Field Name | Screen Number | Nature of Inadequate Controls |
|---|---|---|
| Type of Contract Code | CT1100 | MOCAS accepted data in this field on a Basic Ordering Agreement contract in violation of DFAS Columbus Center desk procedure 201. |
| Discount Terms | CT1200 | MOCAS accepted unreasonably high discount rates in this field. |
| International Balance of Payments (IBOP) Country Code | CT1200 | MOCAS allowed a country code in this field, although the IBOP indicator field was blank. This entry violates DFAS Columbus Center desk procedure 201. MOCAS also allowed an erroneous country code in this field. |
| International Balance of Payments Category Code | CT1200 | MOCAS allowed an alpha character other than "C" in this field. Also, on a contract for which DFAS Columbus Center desk procedure 201 required an entry in this field, MOCAS allowed the field to be left blank. |
| Guaranteed Maximum Shipping Weight/ Dimension | CT1200 | MOCAS allowed an amount under $25,000 to be entered as the total contract amount in the Guaranteed Maximum Shipping Weight/Dimension field, in violation of DFAS Columbus desk procedure 201. |

| Field Name | Screen Number | Nature of Inadequate Controls |
|---|---|---|
| Program Year | CT1510 | MOCAS allowed an alpha character other than "X" in this field, in violation of DFAS Columbus Center desk procedure 201.* |
| General Operating Agency Code | CT1510 | In this field, MOCAS allowed an entry that was not listed in Army Regulation 37-100-94, section 225. |
| Country Code | CT1510 | MOCAS allowed an erroneous country code in this field. |
| Fiscal Station Number | CT1510 | In this field, MOCAS allowed a fiscal station that did not correspond to the applicable operating agency code for that fiscal station. |
| Foreign Military Sales Country Code | CT1510 | MOCAS allowed an erroneous country code in this field. |
| Obligated Amount | CT1510 | In this field, MOCAS allowed an amount that exceeded the total established for the contract. |
| Foreign Military Sales Country Code | CT1520 | MOCAS allowed an erroneous country code in this field. |
| Obligated Amount | CT1520 | In this field, MOCAS allowed an amount that exceeded the total amount established on the contract. |
| Foreign Military Sales Country Code | CT1530 | MOCAS allowed an erroneous country code in this field. |

---

*Also, DFAS-Columbus desk procedure 201 was in error because it stated that only numeric entries were acceptable in the Program Year field; however, the alpha character "X" is also acceptable.

27

# Appendix A. Additional Information on 57 MOCAS Fields with Inadequate Controls

| Field Name | Screen Number | Nature of Inadequate Controls |
|---|---|---|
| Obligated Amount | CT1530 | In this field, MOCAS allowed an amount that exceeded the total amount established on the contract. |
| Foreign Military Sales Country Code | CT1540 | MOCAS allowed an erroneous country code in this field. |
| Obligated Amount | CT1510 | In this field, MOCAS allowed an amount that exceeded the total amount established on the contract.<br><br>Similarly, MOCAS allowed an amount in this field that, when added to amounts previously obligated on the same contract, caused obligations to exceed the total amount established on the contract. |
| Unit Price | CT1600 | In this field, MOCAS allowed a unit price that exceeded the total amount established on the contract. |
| Delivery Schedule Date | CT1610 | In this field, MOCAS allowed a delivery schedule date that had already passed. |
| Service Completion Date | CT1700 | MOCAS accepted a service completion date that was older than the effective date established on the contract. |
| Total Item Amount | CT1700 | In this field, MOCAS allowed an amount that exceeded the total amount of the contract. |

| Field Name | Screen Number | Nature of Inadequate Controls |
|---|---|---|
| Program Year | CT3211 | MOCAS allowed an alpha character other than "X" in this field, in violation of DFAS Columbus Center desk procedure 201.* |
| Country Code | CT3211 | MOCAS allowed an erroneous country code in this field. |
| Fiscal Station Number | CT3211 | In this field, MOCAS allowed a fiscal station that did not correspond to the applicable operating agency code for that fiscal station. |
| Foreign Military Sales Country Code | CT3211 | MOCAS allowed an erroneous country code in this field. |
| Obligated Amount | CT3211 | In this field, MOCAS allowed an amount that exceeded the total amount established on the contract. |
| Foreign Military Sales Country Code | CT3212 | MOCAS allowed an erroneous country code in this field. |
| Obligated Amount | CT3212 | MOCAS allowed an amount in this field that, when added to amounts previously obligated on the same contract, caused total obligations to exceed the amount established on the contract. |
| Foreign Military Sales Country Code | CT3213 | MOCAS allowed an erroneous country code in this field. |

29

# Appendix A. Additional Information on 57 MOCAS Fields with Inadequate Controls

| Field Name | Screen Number | Nature of Inadequate Controls |
|---|---|---|
| Obligated Amount | CT3213 | MOCAS allowed an amount in this field that, when added to amounts previously obligated on the same contract, caused total obligations to exceed the amount established on the contract. |
| Object Class Code | CT3214 | MOCAS allowed this field to be left blank in violation of DFAS Columbus Center desk procedure 201, which required zeroes to be entered if no information was available. |
| Foreign Military Sales Country Code | CT3214 | MOCAS allowed an erroneous country code in this field. |
| Obligated Amount | CT3214 | MOCAS allowed an amount in this field that, when added to amounts previously obligated on the same contract, caused total obligations to exceed the contract amount. |
| Service Completion Date | CT3310 | MOCAS accepted a service completion date that had already passed by the time the contract was established. |
| Total Item Amount | CT3310 | For three contract line item numbers, MOCAS allowed item amounts that, when added, exceeded the total amount of the contract. |

| Field Name | Screen Number | Nature of Inadequate Controls |
|---|---|---|
| Unit Price | CT3410 | For the unit price and quantity ordered, MOCAS allowed entries that made the total item amount exceed the total contract amount. |
| | | For two contract line item numbers, MOCAS allowed unit prices that made the total item amounts, when added, exceed the total amount of the contract. |
| First Article Acceptance Date | CT3410 | MOCAS accepted a first article acceptance date that was earlier than the effective date of the contract. |
| Delivery Schedule Date | CT3510 | MOCAS accepted a delivery schedule date that was earlier than the effective date of the contract. |
| Effective Date | CT2000 | MOCAS allowed an unreasonably old effective date to be established on the contract. |
| Signature Date Modification | CT2000 | On this contract, MOCAS accepted a future signature date that was unreasonably distant. |
| | | Also, on a contract modification, MOCAS accepted a signature date that was earlier than the effective date of the contract. |
| Effective Date | CT3110 | On this contract, MOCAS accepted a future effective date that was unreasonably distant. |
| | | On a separate contract, MOCAS accepted an unreasonably old effective date for the contract. |

31

# Appendix A. Additional Information on 57 MOCAS Fields with Inadequate Controls

| Field Name | Screen Number | Nature of Inadequate Controls |
|---|---|---|
| Discount Terms | CT3120 | MOCAS accepted unreasonably high discount rates in this field. |
| International Balance of Payments Country Code | CT3120 | MOCAS allowed a country code in this field, although the IBOP indicator field was blank, in violation of DFAS Columbus Center desk procedure 201. |
| | | Separately, MOCAS allowed an erroneous country code in this field. |
| International Balance of Payments Category Code | CT3120 | MOCAS allowed an alpha character other than "C" in this field. |
| | | Also, on a contract for which DFAS Columbus Center desk procedure 201 required an entry in this field, MOCAS allowed this field to be left blank. |
| Guaranteed Maximum Shipping Weight/ Dimension | CT3120 | MOCAS allowed an amount under $25,000 to be entered as the total contract amount in the Guaranteed Maximum Shipping Weight/Dimension field, in violation of DFAS Columbus Center desk procedure 201. |
| Object Class Code | CT3221 | MOCAS allowed this field to be left blank in violation of DFAS Columbus Center desk procedure 201, which required zeroes to be entered if no information was available. |
| Fiscal Station Number | CT3221 | In this field, MOCAS allowed a fiscal station that did not correspond to the applicable operating agency code for that fiscal station. |

| Field Name | Screen Number | Nature of Inadequate Controls |
|---|---|---|
| Obligated Amount | CT3221 | MOCAS allowed an amount in this field that exceeded the total contract amount. |
| Foreign Military Sales Country Code | CT3222 | MOCAS allowed an erroneous country code in this field. |
| Obligated Amount | CT3222 | MOCAS allowed an amount in this field that, when added to amounts previously obligated on the same contract, caused total obligations to exceed the contract amount. |
| Foreign Military Sales Country Code | CT3223 | MOCAS allowed an erroneous country code in this field. |
| Obligated Amount | CT3223 | MOCAS allowed an amount in this field that, when added to amounts previously obligated on the same contract, caused total obligations to exceed the contract amount. |
| Fiscal Station Number | CT3224 | MOCAS allowed the fiscal station number to be changed on this data entry screen. According to DFAS Columbus Center desk procedure 201, this field was protected and could not be changed. |
| Foreign Military Sales Country Code | CT3224 | MOCAS allowed an erroneous country code in this field. |

33

# Appendix A. Additional Information on 57 MOCAS Fields with Inadequate Controls

| Field Name | Screen Number | Nature of Inadequate Controls |
|---|---|---|
| Obligated Amount | CT3224 | MOCAS allowed an amount in this field that, when added to amounts previously obligated on the same contract, caused total obligations to exceed the contract amount. |
| Unit Price | CT3421 | For the unit price and quantity ordered, MOCAS allowed entries that made the total item amount exceed the total contract amount. |
| First Article Acceptance Date | CT3421 | MOCAS accepted a first article acceptance date that was earlier than the effective date of the contract. |

# Appendix B. Data Corrections Not Made Accurately or Promptly

| Reject Listing/Contract No. | Status During Audit | Current Status |
|---|---|---|
| MYFC19 | | |
| N00024 92 C5109 | Not corrected | Not corrected as of May 1994 |
| DAAJ09 93 D0058 | Not corrected promptly | |
| N66001 93 C6001 | Not corrected | Invoice paid January 31, 1994 |
| N00019 83 C0390 | Not corrected | Not corrected as of May 1994 |
| N00014 87 C0819 | Not corrected | Not corrected as of May 1994 |
| N00019 92 G0100/0010 | Not corrected | Not corrected as of May 1994 |
| N00014 92 C2014 | Not corrected | Not corrected as of May 1994 |
| N66001 84 C0150 | Not corrected | Not corrected as of May 1994 |
| N00140 90 D0194 | Not corrected | Not corrected as of May 1994 |
| F41608 86 D0001/X532 | Not corrected | Not corrected as of May 1994 |
| N66269 93 C0014 | Not corrected | Not corrected as of May 1994 |
| F33657 91 D2154/0003 | Not corrected promptly | |
| F41608 86 D0001/X519 | Not corrected | Not corrected as of May 1994 |
| F04606 90 D0003/0097 | Not corrected | Invoice paid December 17, 1993 |
| DAAH01 80 C0017 | Not corrected | Not corrected as of May 1994 |
| N00140 82 D0860/0131 | Not corrected | Invoice paid February 14, 1994 |
| DAAA09 81 G2002/0013 | Not corrected | Not corrected as of May 1994 |
| N00019 82 G0180/0002[1] | Not corrected | Not corrected as of May 1994 |
| N00019 82 G0180/00022[2] | Not corrected | Not corrected as of May 1994 |
| N60921 91 DA314 | Not corrected | Not corrected as of May 1994 |
| N00123 92 D5252 | Not corrected promptly | |

35

# Appendix B. Data Corrections Not Made Accurately or Promptly

| Reject Listing/Contract No. | Status During Audit | Current Status |
|---|---|---|
| **MYFD09** | | |
| N0060093C1368 | Not corrected promptly | |
| | | |
| **UYFA01** | | |
| N0002490G3323/YC1J | Not corrected | Not corrected as of May 1994 |
| F0460990D0003/0071 | Not corrected promptly | |
| | | |
| **MNMA010B** | | |
| DLA740 93 M6086 | Not corrected[4] | Not corrected as of May 1994 |
| DLA760 93 C2079[3] | Not corrected (2 shipments)[4] | Not corrected as of May 1994 |
| F33657 91 C2239 | Not corrected[4] | Not corrected as of May 1994 |
| DLA900 93 F0063[3] | Not corrected (2 shipments)[4] | Not corrected as of May 1994 |
| DLA120 93 D3512/8004 | Not corrected[4] | Not corrected as of May 1994 |
| DLA500 91 CF977 | Not corrected[4] | Not corrected as of May 1994 |
| N00104 92 PYQ78 | Not corrected[4] | Not corrected as of May 1994 |
| DLA900 92 DC110/0003 | Not corrected[4] | Not corrected as of May 1994 |
| DLA120 93 FVC92 | Not corrected[4] | Not corrected as of May 1994 |
| DLA120 91 D5256/0011 | Not corrected[4] | Not corrected as of May 1994 |
| F01620 93 D0001/BY28 | Not corrected[4] | Not corrected as of May 1994 |
| DLA900 92 DC065/0012 | Not corrected[4] | Not corrected as of May 1994 |
| | | |
| **MNMA180B** | | |
| F42600 85 D6490/0010 | Not corrected | Unpaid as of May 1994 |
| N00024 93 G5207/WQ68 | Not corrected promptly | Invoice paid December 20, 1993 |
| N66032 91 D0002/F4NG | Not corrected promptly | Invoice paid December 15, 1993 |

36

# Appendix B. Data Corrections Not Made Accurately or Promptly

| Reject Listing/Contract No. | Status During Audit | Current Status |
|---|---|---|
| **MNMA180D** | | |
| F41608 89 D2573/0001 | Not corrected | Remained open as of May 1994 |
| DLA900 92 C0016 | Not corrected | Remained open as of May 1994 |
| N60921 87 D0232/0004 | Not corrected promptly | Closed November 11, 1993 |
| N00104 84 GA058/0023 | Not corrected promptly | Closed December 9, 1993 |
| DLA120 93 D4085/8000 | Not corrected promptly | Closed January 7, 1994 |
| F41608 87 DA218/0001 | Not corrected promptly | Closed November 16, 1993 |
| N00383 91 GM613/SA08 | Not corrected promptly | Closed December 22, 1993 |
| N00197 91 D9169/0059 | Not corrected promptly | Closed November 17, 1993 |
| N66032 92 D0002/2M27 | Not corrected promptly | Closed November 29, 1993 |
| | | |
| **UYFA02** | | |
| F09603 84 C4133 | Not corrected | Not corrected[5] |
| DAAE07 92 CR007 | Not corrected | Not corrected |
| DAAH01 91 CR151 | Not corrected | Not corrected |
| DAAB07 93 CB766 | Not corrected | Not corrected |
| N00019 86 C0256 | Not corrected promptly | |
| N00014 85 K0281 | Not corrected | Not corrected[5] |
| N00024 90 C4016 | Not corrected promptly[2] | |
| N00024 90 C4016 | Not corrected promptly[2] | |
| MDA903 86 C0050 | Not corrected | Not corrected[5] |
| F19628 83 C0166 | Not corrected | Not corrected[5] |
| N00104 89 G0700/0690 | Not corrected | Not corrected |
| F19628 86 C0065 | Not corrected | Not corrected |

**Appendix B.  Data Corrections Not Made Accurately or Promptly**

| Reject Listing/Contract No. | Status During Audit | Current Status |
|---|---|---|
| **UNFB500A** | | |
| DAAH01 93 DR005/0005 | Not corrected promptly | |
| N00164 91 C0237 | Not corrected promptly (2 shipments)[3] | |
| F41608 89 C3061 | Not corrected promptly | |
| N00024 92 C5310 | Not corrected promptly (2 shipments)[3] | |
| F42630 93 C0215 | Not corrected promptly | |
| N66032 92 D0004/0476 | Not corrected promptly | |
| DAAB07 85 CK561 | Not corrected promptly | |
| F01620 93 D0002/VC21 | Not corrected promptly | |
| DAAH01 87 CA025 | Not corrected promptly (5 shipments) | |
| N61339 85 C0002 | Not corrected promptly | |
| N00024 91 D5231/0052 | Not corrected promptly | |
| DAAB07 90 CJ009 | Not corrected promptly | |
| F30602 91 D0121/0005 | Not corrected accurately | Not corrected accurately |
| N00163 93 C0040 | Not corrected promptly (2 shipments)[3] | |
| N00019 85 C0034 | Not corrected accurately | Not corrected accurately |
| DAAB07 88 CJ015 | Not corrected promptly | |
| N00039 92 D0035/0052 | Not corrected | Not corrected |
| N00140 93 CBA88 | Not corrected promptly | |
| N00024 90 D4090/0060 | Not corrected promptly | |
| DAAB07 90 CJ009 | Not corrected accurately | Not corrected accurately |
| DAAE07 92 CA010 | Not corrected promptly | |
| N00163 90 C0248 | Not corrected promptly | |
| F41624 91 C2003 | Not corrected accurately | Not corrected accurately |

**Appendix B. Data Corrections Not Made Accurately or Promptly**

[1]Payment was made on this invoice error before the invoice appeared on the reject listing.

[2]The Bureau Voucher Numbers differ for contract N00019 82 G0180/0002.

[3]This contract contained two shipments that lacked the required documentation.

[4]Personnel did not provide the documentation required by desk procedure 501 to ensure that proper adjustments were made to MOCAS.

[5]Merged ("M") year funds cannot be adjusted.

# Appendix C. Summary of Use of Reject Listings by CAS Directorates at DFAS Columbus Center

| Directorate/ Division | MNMA[1] 180D | MNMA 180B | MNMA 010B | UNFB 500A | WYFD 600A | UYFA[2] 02 | UNPA 350J | UYFA[2] 01 | MYCJ 07 | MYFD 09 | MYFC 19 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Southern** | | | | | | | | | | | |
| Atlanta | | | X[3] | | | X | | X | | | |
| Dallas | | | X | | X | | | | | | |
| **West** | | | | | | | | | | | |
| Santa Ana | | | X | X | X | X | | X | | | |
| San Francisco | | X | X | X | X | | | | X | | |
| Van Nuys | | X | X | X | X | | | | X | | |
| El Segundo | | | X | X | X | | | | X | | |
| Gateway | X | X | | | | | | | | | |
| Great Lakes | | X | X | X | | | | | | X | X |
| **North** | | | | | | | | | | | |
| Bunker Hill | | X | X | X | X | X | | X | | | X |
| Liberty | | | X | X | X | | | | | | X |
| Minuteman | X | | X | X | X | | | | | | X |
| All American | | X | X | X | X | | | | | | X |
| Independence | | X | X | X | X | | | | X | | |
| Erie | | | | X | X | | | | | | |
| Chesapeake | | | X | X | X | | | | | | X |
| Capital | X | | X | X | X | | | | | | X |

**Appendix C. Summary of Use of Reject Listings by CAS Directorates at DFAS Columbus Center**

[1]Numbers beginning with MNMA, UNFB, WYFD, UYFA, UNPA, MYCJ, MYFD, and MYFC are used to identify reject listings.

[2]These reject listings are used only at the Directorate level.

[3]"X" represents DFAS Directorates that are currently using reject listings.

# Appendix D.  Desk Procedures for Reject Listings Reviewed

| Reject Listing | Desk Procedure | Adequacy |
|---|---|---|
| MNMA180D: Rejected Notice for Last Action Listing | No desk procedure | |
| MNMA180B: Rejected Invoice Error Listing | Desk procedure 301 | Inadequate |
| MNMA010B: Rejected Delivery Acceptance Listing | Desk procedure 501 | Adequate |
| UNFB500A: Duplicate Payment Report | Desk procedure 101 | Adequate |
| WYFD600A: Duplicate Invoice Report | Desk procedure 301 | Inadequate |
| UYFA02: CLR Validation Reject Listing | Desk procedure 801 | Inadequate |
| UNPA350J: Data Reject Report | No desk procedure | |
| UYFA01: Rejected Disbursement & Obligation Report | Desk procedure 801 | Inadequate |
| MYCJ07: Rejected PK9, PKX Transaction Listing | Desk procedure 608 | Inadequate |
| MYFD09: Invoice Rejected Transaction Listing | Desk procedure 301 | Adequate |
| MYFC19: Cost & Fee Reject Listing | Desk procedure 401 | Adequate |

# Appendix E.  Critical MOCAS Screens

| Screen Number | Screen Name |
|---|---|
| CT3120 | Maintain Provisions Data Records |
| CT3130 | Maintain Payee Name and Address |
| CT3221 | Change Accounting Classification Data Record - Army |
| CT3222 | Change Accounting Classification Data Record - Air Force |
| CT3223 | Change Accounting Classification Data Record - Navy |
| CT3224 | Change Accounting Classification Data Record - DLA |
| UNAA21 | Invoice Data Entry |
| UNAA24 | Army Disbursements |
| UNAA25 | Air Force/DLA Disbursements |
| UNAA26 | Navy Disbursements |
| UNAA47 | Progress Payment Input |

# Appendix F.  Unauthorized User Identification Codes

Data in Appendix F has been deleted from this final report.  A detailed listing of unauthorized user identification codes was provided to the DFAS Columbus Center in a draft of this report.  However, due to the sensitivity of this information it was deleted from the final report.

# Appendix G. Summary of Potential Benefits Resulting From Audit

| Recommendation Reference | Description of Benefit | Amount and/or Type of Benefit |
|---|---|---|
| A.1.a. | Internal controls. Using MILDEPs' edit and validation tables will improve accuracy of MOCAS data. | Nonmonetary. |
| A.2.a. | Internal controls. Enhancing MOCAS automated controls will improve data accuracy. | Nonmonetary. |
| B.1. | Internal controls. Improved guidance on use of reject listings will ensure that critical listings are used. | Nonmonetary. |
| B.2. | Economy and efficiency. Correcting errors will improve accuracy of accounting data. | Nonmonetary. |
| B.3. | Internal controls. Requiring data entry supervisors to review the corrections to reject listings will result in more accurate data on accounting and disbursements. | Nonmonetary. |
| B.4., B.5. | Economy and efficiency. New or revised desk procedures will provide improved guidance on working with MOCAS automated reject listings. | Nonmonetary. |

# Appendix G. Summary of Potential Benefits Resulting from Audit

| Recommendation Reference | Description of Benefit | Amount and/or Type of Benefit |
|---|---|---|
| B.6. | Economy and efficiency. Tracking rejects by numbers and categories of errors will allow identification of common errors in data entry and other opportunities for improving data accuracy. | Nonmonetary. |
| C.1. | Internal controls. Canceling the 66 user IDs will prevent users from gaining unauthorized access to MOCAS. | Nonmonetary. |
| C.2.a., C.2.b., C.2.c. | Internal controls. Canceling unneeded user IDs will prevent users from gaining unauthorized access to MOCAS. | Nonmonetary. |
| C.3. | Internal controls. Periodic review of user IDs will ensure that only authorized users have access to MOCAS. | Nonmonetary. |

# Appendix H.  Organizations Visited or Contacted

## Office of the Secretary of Defense

Comptroller of the Secretary of Defense (Now, Under Secretary of Defense (Comptroller))

## Department of the Navy

Comptroller of the Navy, Office of Financial Accounting

## Defense Organizations

Defense Finance and Accounting Service
    Defense Finance and Accounting Service Center, Columbus, OH
    Defense Finance and Accounting Service Center, Denver, CO
    Defense Finance and Accounting Service Center, Indianapolis, IN
Defense Information Services Organization, Columbus, OH
Defense Logistics Agency
    Defense Logistics Agency Systems Automation Center, Columbus, OH

# Appendix I.  Report Distribution

## Office of the Secretary of Defense

Under Secretary of Defense (Comptroller)
Assistant to the Secretary of Defense (Public Affairs)
Assistant Secretary of Defense (Command, Control, Communications and Intelligence)

## Department of the Army

Secretary of the Army
Assistant Secretary of the Army (Financial Management)
Inspector General, Department of the Army
Auditor General, Department of the Army

## Department of the Navy

Secretary of the Navy
Assistant Secretary of the Navy (Financial Management)
Auditor General, Department of the Navy

## Department of the Air Force

Secretary of the Air Force
Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

## Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Finance and Accounting Service
   Director, Defense Finance and Accounting Service Columbus Center
Director, Defense Logistics Agency
Director, National Security Agency
Director, Defense Information Systems Agency
Director, Defense Security Assistance Agency
Commander, Defense Contract Management Command
Inspector General, Central Imagery Office
Inspector General, Defense Intelligence Agency
Inspector General, National Security Agency
Director, Defense Logistics Studies Information Exchange

# Non-Defense Federal Organizations

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division, General Accounting Office

Chairman and Ranking Minority Member of Each of the Following Congressional Committees and Subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Operations
House Subcommittee on Legislation and National Security, Committee on Government Operations

# Part IV - Management Comments

# Office of the Under Secretary of Defense Comments

**OFFICE OF THE UNDER SECRETARY OF DEFENSE**
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

**COMPTROLLER**

OCT 2 6 1994

(Financial Systems)

MEMORANDUM FOR DIRECTOR, FINANCIAL MANAGEMENT DIRECTORATE,
INSPECTOR GENERAL

SUBJECT:   Draft Audit Report on Data Input Controls for the
Mechanization of Contract Administration Services
Systems (Project No. 3FI-4001)

Attached is the Department of Defense response to your
August 15, 1994, draft audit report No. 3FI-4001, on "Data Input
Controls for the Mechanization of Contract Administration
Services Systems."

Mr. Verlon Bass, (703) 607-0384, is the Defense Finance and
Accounting Service point of contact for report No. 3FI-4001.

Richard F. Keevey
Deputy Comptroller
(Financial Systems)

Attachment:
As stated

Defense Finance and Accounting Service
Comments on Information Requested by DoDIG for
Audit Report on Data Input Controls for the Mechanization
of Contract Administration Services System
(Project Number 3FI-4001)


DODIG FINDING A:  We recommend that the Director, Defense Finance
and Accounting Service – Columbus Center:

ITEM 1.a.  Install the Army's Data Element Management Accounting
Reporting Table, the Navy's Centralized Master Edit Table, and
the Air Force's Master Appropriation Reporting Tables in the
Mechanization of Contract Administration Services system to
improve data accuracy.

ITEM 1.b.  Establish automated edit and validation controls for
data input fields that accepted invalid data.

DFAS COMMENTS.

Item 1.a:  Partially concur.  The Defense Finance and Accounting
Service – Columbus Center (DFAS-CO) will contact the Military
Departments to explore the feasibility of obtaining the edit
tables for installation into the Mechanization of Contract
Administration Services (MOCAS).  We will develop and submit
requirements to the MOCAS Central Design Activity for cost
estimates of the programming changes.  The system change request
will then be submitted to DFAS-HQ for approval and inclusion in
the project development plan.  Due to the size of the edit
tables, the current MOCAS data base/table files will have to be
expanded.  In addition, MOCAS on line programs and MILSCAP will
require changes to recognize the new edits.  Programming time is
estimated at nine to 12 months with an estimated implementation
date, assuming a best case scenario, of the second quarter of
FY 1996.  We also will be looking at adding the tables to MOCAS
in conjunction with a prevalidation process for payments.  In
this process, before an entitlement is sent out for payment, the
entitlement is checked against the accounting system to determine
if funds are available to make the payment.  In July 1995, we
will begin prevalidating any payment that is $5 million or more,
and in October 1995, we will begin this process for all payments
that are $1 million or more.  Based on the success of the
prevalidation process versus the cost to program the tables into
MOCAS, we will determine if adding the tables into MOCAS is
worthwhile.

ESTIMATED COMPLETION DATE:  Second quarter of FY 1996.

Item 1.b: Partially Concur. DoD Directive 7220.9-M, DoD
Accounting Manual, prescribes that accounting systems "shall be
flexible enough to handle additions or deletions, including
changes to accounts or account codes, classifications,
organizations, and dollar thresholds, without extensive program
or system changes." Many of the MOCAS fields identified in the
draft report, as having inadequate automated edit or validation
controls, were programmed with minimal validations to provide
flexibility for future changes. Controls over data input are
provided by MOCAS desk procedures and functional training courses
that specify the criteria for data to be input. However, we
agree that additional edits and validations may be needed for
several of the fields. Therefore, for those fields we will
review and implement system changes as appropriate. This item
also will be reviewed in conjunction with the prevalidation
process aforementioned in Item 1.a.

ESTIMATED COMPLETION DATE: March 31, 1995.

DODIG FINDING B: We recommend that the Director, Defense Finance
and Accounting Service - Columbus Center:

ITEM 1. Issue specific instructions to the Contract
Administration Services Directorates and their payment divisions
on which reject listings from the Mechanization of Contract
Administration Services system are critical, and how these reject
listings should be used.

ITEM 2. Direct that errors in data entry be corrected for the 92
cases discussed in this report.

ITEM 3. Require data entry supervisors to:

    a. Review reject listings produced by the Mechanization of
Contract Administration Services system;

    b. Identify data errors that need correction; and

    c. Document their reviews.

ITEM 4. ·Review desk procedures 301, 608, and 801 for the five
reject listings discussed in this report to give specific
guidance on the use of reject listings and procedures for error
correction.

ITEM 5. Implement desk procedures for the two reject listings
discussed in this report for which no procedures currently exist.
At a minimum, the procedures should give specific guidance on the
use of reject listings and procedures for error correction.

ITEM 6. Continuously track reject transactions by numbers and
categories of errors, and use the results to identify common
errors in data entry and areas where data accuracy can be
improved.

DFAS COMMENTS:

Item 1: Concur. Specific instructions on which reject listings from the MOCAS system are critical and how the listings should be used will be provided in the revisions to desk procedures. The revisions are expected to be completed by December 31, 1994. Periodic internal reviews will be conducted to ensure compliance with desk procedures.

ESTIMATED COMPLETION DATE: December 31, 1994.

Item 2: Concur. Errors in data entry will be corrected for the 92 cases discussed in this report.

ESTIMATED COMPLETION DATE: November 30, 1994.

Items 3 a, b, and c: Concur. Requirements for supervisor/lead review, identification, and documentation will be included in revisions to desk procedures.

ESTIMATED COMPLETION DATE: December 31, 1994.

Item 4: Concur. Specific instructions on the use of reject listings and procedures for error corrections will be included in the revisions to the desk procedures. Desk Procedures 301 and 801 are in the process of being revised. All revisions to Desk Procedures 301, 608, and 801 are expected to be completed by December 31, 1994.

ESTIMATED COMPLETION DATE: December 31, 1994.

Item 5: Concur. Desk Procedure 703 provides guidance on the use of report UNPA350J, Data Reject Report. Desk Procedure 602 revisions will include guidance on the use of report MNMA180A, Invoice Accepted Error List.

Item 6: Partially Concur. Tracking reject transactions by numbers and categories of errors would be an inefficient use of resources. Revisions to desk procedures will provide for supervisory monitoring of data errors. In addition, the Quality Assurance Division will periodically monitor rejected transactions using sampling techniques to identify common errors in data entry and areas where data accuracy can be improved.

Revised

ESTIMATED COMPLETION DATE: December 31, 1994.

FINDING C: We recommend that the Director, Defense Finance and
Accounting Service - Columbus Center:

ITEM 1. Terminate the user identification codes for the 66
employees discussed in this report.

ITEM 2. Direct Terminal Area Security Officers at the Defense
Finance and Accounting Service - Columbus Center to:

    a. Throughly review the "Total Information System Extended
Security System Batch Utilities Application to User Relationship
Report" for all input screens in the Mechanization of Contract
Administration Services system.

    b. Terminate user identification codes that are no longer
required.

    c. Correct all errors identified, including duplicate user
identification codes, reversals of first and last names, and two
or more employees with the same user identification code.

ITEM 3. Require Terminal Area Security Officers to conduct
semiannual reviews of the list of user identification codes, and
document these reviews.


DFAS COMMENTS

Item 1: Concur. The unauthorized user identification codes in
the draft report will be reviewed and terminated as appropriate
by December 31, 1994.

ESTIMATED COMPLETION DATE: December 31, 1994.

Item 2 a, b, and c: Concur. We currently are reviewing access
control in the Contract Entitlement Directorate. The recommended
corrective actions will be initiated as part of that review.

ESTIMATED COMPLETION DATE: December 31, 1994.

Item 3: Concur. Semiannual reviews will begin upon completion
or our current review.

ESTIMATED COMPLETION DATE: The semiannual reviews will begin in
January 1995 and will be ongoing after that date.

# Audit Team Members

Russell A. Rau
Richard B. Bird
Stephen A. Delap
Clarence E. Knight, III
Daniel K. Birnbaum
Laura J. Croniger
Calvin L. Painter
Cinnamon J. Sakich
James R. Slates
Adam S. Weissberg
Susanne B. Allen
Helen S. Schmidt